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SUBJECT: RWANDA MONTHLY ECONOMIC REVIEW

DEVELOPMENT PROJECTS / ISSUES

The United States African Development Foundation (USADF) and the Rwandan government have endorsed a \$4 million (about Frw2.2 billion) joint pact to develop small- and medium-sized Rwandan businesses. The money will target the development of smallholder agribusinesses to improve their regional and international competitiveness.

Finance minister James Musoni said the government's contribution is \$2million (about Frwl.1 billion), while the rest is a grant from the US government.

"It's a great opportunity for Rwandan business community because it targets the largest sector behind the growth of private sector," said Musoni..

The grant will support innovation, entrepreneurship, and ownership to stimulate economic growth, create jobs, and increase income of the poor. It will also expand local institutional and financial capacities to foster entrepreneurship and community based economic development.

The amount is part of the annual budget, targeting increases in viable projects and registered cooperatives in agribusiness and handicrafts.

The minister pledged governments' commitment to ensure that the facility is put to good use to achieve its objective

Dick Day, USADF's Chief Operating Officer, emphasized, "The facility is expected to help young enterprises and cooperatives to build their capacities. We want to see thousands of Rwandans improve their lives and young cooperatives that can't access bank loans move from one program to another."

USADF is an independent public corporation providing investment capital, technical assistance, and managerial and marketing assistance.

It supports a broad range of enterprises across various sectors, building integrated supply chains, industry groups, and agricultural communities that are the foundation of a dynamic private sector.

A leading banking Group in West and Central Africa, Ecobank, was yesterday announced as the principle shareholder of Bank of Commerce, Development and Industry (BCDI) after acquiring 90 per cent of the stake.

The announcement comes after previous shareholders failed to raise Frw 5 billion, which is the minimum capital stock required by the National Bank of Rwanda (BNR).

"We have got a solution for all the setbacks that the bank have been going through," central bank (BNR) Governor Francois Kanimba, said while presiding over the official take-over function at BCDI main office in Kigali City.

As a result BCDI will soon be renamed Ecobank Rwanda. BCDI, with a pile of 46 per cent of Non Performing Loans (NPL) had been stuck in a financial trench.

The central bank requires all banks to have a single NPL digit next year. Kanimba explained that a net loss of Frw2.5 billion has been hanging on the neck of the BCDI clients' deposits. "It is now over. The problem has been solved," he said.

He attributed the bank's insolvency to excessive internal lending, poor management and misappropriation of funds. Ecobank has emerged as the savior with a recapitalization of Frw6.4 billion.

Kanimba confirmed that the money has already been deposited with BNR. "We found it proper to enter the East and Southern African countries. We'll use our presence here to move to regional countries like Tanzania, Uganda and Burundi," Albert K. Essien, Director Ecobank Transitional Incorporation (ETI) said.

ETI is the parent company of the Ecobank Group.

BCDI's image has been damaged by the trial of its founding chairman, CEO and its previous principle shareholder, Alfred Kalisa. Kalisa was arrested last year alongside former chief accountant, Eugene Rutajoga on charges of documents' falsification, breach of trust and favoritism.

Ecobank's balance sheet totals to \$4 billion. "We will superimpose our image on BCDI; we want to put the past behind," the new BCDI chief, Daniel Sackey, said.

The 10 per cent remaining shares have been distributed among other shareholders who include Egide Gatera, Jean Pierre Gatera, John Nkera, John Bosco Rusagara, Deo Bamurase, Manasseh Simba, Alfred Mutebwa and Callixte Kajangwe.

Kanimba said Ecobank will float 10 per cent of their shares in their bank. Ecobank is the leading independent regional banking Group in West and Central Africa serving wholesale and retail customers.

The bank has a network covering 18 countries namely: Benin, Burkina Faso, Cameroon, Cape Verde, Central Africa, Ctte d'Ivoire, Ghana, Guinea, Guinea Bissau and Liberia.

Others are Mali, Niger, Nigeria, Sao Tome, Senegal, Sierra Leone, Tchad and Togo. It has plans to establish presence in more East and Southern Africa countries.

According to information available on its website (www.ecobank.com), the group has a network of over 320 branches and offices established in the last nineteen years. The group refers to itself as a Pan African Bank.

Rwanda's population will shoot to 18.2 million people by 2050 at an average growth rate of 2.3 per cent, the United Nations Population Fund (UNFPA) has projected.

Rwanda, according to UNFPA's state of the world population 2007 report, is second to Tanzania in the five-state East African Community (EAC) with the lowest population growth rates.

Presently, Rwanda has a population of about 9.4 million people. Burundi, at 3.7 per cent, has the highest growth rate followed by Uganda (3.6 per cent), Kenya (2.6 per cent) and Tanzania has the least at 1.8 per cent.

Rwanda, with a life expectancy of 43.3 and 46.2 years for male and female respectively, is the lowest in the EAC.

Uganda leads in EAC region with a life expectancy of 50.7 and 52.3 years for male and female respectively.

In comparison, Africa's population will increase from 945 million people to about 1,937 million in the same period at an average growth rate of 2.1 per cent.

The report, released on Wednesday at Hotel African in Kampala, Uganda, indicates that the EAC will have a population of an estimated 321 million people by 2050, which expands the region's market base that would comfortably encourage both foreign and domestic investments.

Uganda is predicted to have the largest population by then with about 127 million people.

However, the report warns that by 2008 more than half of the globe's population (3.3 billion people) will be living in towns and cities.

"Urban population will grow to 4.9 billion by 2030. In comparison, the world's rural population is expected to decrease by some 28 million between 2005 and 2030. Most of this growth will be in developing countries," the report reads in part, but warns that the vast urban expansion in developing countries has global implications.

The bad news, UNFPA expressed, is that smaller cities generally have more unaddressed problems and fewer human, financial and technical resources at their disposal.

"Smaller cities (with 100,000 inhabitants) are notably underserved in housing, transportation, piped water and waste disposal. In many cases, poor urban people are no better off than poor rural people," UNFPA says in its study, but adds that the burden would be grave for women, who provide household's water, sanitation, fuel and waste management needs.

UN says that urbanisation is caused by movement of people uprooted by drought, famine, ethnic conflicts, civil strife and war.

It is further reported that hundreds of millions live in poverty in the cities of low-and middle-income nations and that their numbers would swell in the following years.

The report estimates that 40 to 50 per cent of urban population live below poverty line in Burundi, Gambia, Kenya, Zimbabwe and Peru.

It adds that over half of the urban dwellers who live below the poverty line can be found in Angola, Chad, Malawi, Zambia, Niger, Sierra Leon and Mozambique.

Relevant LinksCentral Africa

Rwanda

Urban Issues and Habitation

International Organizations and Africa Slum population in sub-Saharan Africa almost doubled in 15 years, reaching 200 million in 2005. And because of the inhumane conditions in slum areas, shelter deprivation has increased mortality rates in children less than five years.

The report estimates that mortality rate of 180 per 1000 live births occurs

occur in Rwanda, Ethiopia, Nigeria and Tanzania almost double that in non-slum housing.

The study also warns of a rise in inter-personal violence and insecurity particularly in urban areas of poorer countries.

Through the United Nations Development Fund, an Italian cooperation is to earmark ,140,400 (approximately Frw103 million) to support the local cooperatives operating in Nyagatare district, according to the coordinator of the programme. Mr. Antoine Bigirimana disclosed this Wednesday during a meeting with heads of cooperatives operating in the districts.

"The Italian cooperation is planning to train the cooperative heads in managerial skills to be able to run them in a professional manner," Bigirimana said.

Over fourteen cooperatives will benefit after stiff screening to get those best performing and will be given loans in the form of revolving funds.

Among the local cooperatives expecting to benefit include K.o Ramba and SUNA seeds. Others are not yet known.

Relevant LinksCentral Africa

Rwanda

Aid and Assistance

Europe and Africa

**International Organizations and Africa
Sustainable Development**

Food, Agriculture and Rural Issues The Italian cooperation has other projects in the district, which include drilling 15 boreholes in different sectors to improve water access, as well as in telecommunications development.

Bigirimana noted that the primary aim, though, was to increase food security in rural areas.

Secondary, though still vital, were income support; clean water, and providing institutional support.

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